

Executive Registry
77-12020


28 DEC 1977

MEMORANDUM FOR: Director, National Foreign Assessment Center
FROM: Director of Central Intelligence
SUBJECT: Penthouse News Release on German Missile
Range in Zaire

1. The attached news release by Penthouse on a German missile range in Zaire prompts me to insure that we have something going to track this down in all its details. Surely when the full article comes out we are going to be asked a lot of questions. It seems to me we should anticipate this by pulling together everything we know on the subject and providing it to our Select Committees promptly. We should also prepare our response to the press on this even if it is to be "no comment."

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2. I'd like to be sure that [redacted] is doing everything he reasonably can to track this situation down and confirm or deny the specific allegations that Szulc raises.


STANSFIELD TURNER

Attachment

cc: DDO
A/DCI/PA

(EXECUTIVE REGISTRY FILE)

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PENTHOUSE NEWS RELEASE

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(The fact
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West Germany has taken over a 100,000 square mile area of Zaire where it is secretly testing the cruise missile and the Intermediate Range Ballistic Missile (IRBM), Penthouse magazine disclosed today (December 13).

Author Tad Szulc, the noted diplomatic correspondent who obtained the story, said the program "is in deliberate disregard" of the 1954 Treaty of Brussels and that it is going forward with the knowledge and approval of the U.S. government.

Prototypes of four or five cruise missiles designed to carry nuclear warheads—potentially the most deadly weapon of the atomic age—have already been flown there over an area as big as Colorado. The work is being directed by the Orbital Launch and Rocket Corp. (OTRAG), a mysteriously tax-exempt company based near Frankfurt and which may be receiving as much as \$300-million of support from the Bonn military budget. The corporation has signed a non-cancellable 24-year contract under which it has virtual sovereignty over the Shaba (formerly Katanga) province area and for which it has agreed to pay Zaire \$50-million a year.

Both the CIA and its West German counterpart, the Bundes Nachrichtendienst (BND) "have played a crucial role in this program through the recruiting of American-trained scientists and political coordination in Kinshasa (Zaire's capital), Bonn and Washington," he said.

Szulc said the Shaba province development "is obviously designed to equip West Germany with the most sophisticated delivery systems for missiles with conventional nuclear warheads." He added that there is "massive evidence" that "the whole West German military-industrial complex is behind this enterprise and that the Bonn government is the ultimate recipient of the missiles produced in Zaire. The secret cooperation by the U.S. in the Zaire undertaking through the supply of cruise-missiles and other advanced technological know-how constitutes another aspect of the deepening American involvement in Africa," Szulc continued.

Although the Brussels Treaty forbids the production of "long range missiles and guided missiles" on German territory its phrasing did not rule out such production outside German territory. French, Soviet, and Polish officials have all expressed concern

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over the enterprise and the Soviet ambassador in Kinshasa has delivered a formal protest to the Zaire government. The Polish government is equally upset and French officials who asked Bonn to explain the Zaire activities "are known to be unconvinced" about the German response that only weather satellites are being tested, Szulc said.

Information from the Szulc article, scheduled to appear in the March issue of Penthouse, to go on newsstands in early February, was released to the press today "because of the gravity and enormity of the situation," Publisher Bob Guccione said. "This stunning, clandestine development has been proceeding in the dark without the knowledge of the American people, and could upset the SALT talks and hasten the spread of nuclear missile technology to many other nations."

The article belied the private assurances of the Bonn government that it is only testing weather satellites. U.S. experts on space technology dispute the need for an area as large as Colorado to test weather satellites. But they do point out that the cruise missile, and especially the IRBM, do require a vast operational area so that they can be recovered within the proving grounds after the launch. Moreover, at this year's Air Show at Le Bourget, near Paris, the German incongruously exhibited a photographic blow-up of a cruise missile without providing any explanation as to where, when, or how this had been built. U.S. specialists who studied the photograph concluded that the missile was flying over what appeared to be African terrain, author Szulc said.

The testing territory covers the area lying between Lake Tanganyika in the east, and the North-South line at 26 degrees 55" longitude in the west. The northern boundary is the Lukuga River and the southern boundary is the 10th parallel along the Zaire-Zambia border.

The lease contract, signed on March 26, 1976, between Zaire and OTRAG, "constitutes an unprecedented waiver of sovereignty," Szulc reported. Operating in behalf of German defense contractors, OTRAG may act "as if it were sovereign," according to an American legal expert. The only comparable situation in the world currently exists in the 1903 Panama Canal Treaty.

Article Two of the contract provides that Zaire, "expressly and without restrictions, grants OTRAG the right to take all measures that it deems necessary for the exercise of full and complete power in the territory." OTRAG also enjoys "disciplinary" powers over all its personnel and their families and establishes "the permanent closing by Zaire of Shaba's airspace to all aircraft but its own and OTRAG's," Szulc reported.

Article Three, a provision without parallel in international law, vests in OTRAG the power to ban undesirable persons from the territory and OTRAG can even order Zaire citizens to "evacuate the region" if it chooses.

If such precautions seem unusual for the testing of weather satellites, Szulc said, it may well be because nowhere in the contract are such vehicles mentioned. Only in the final

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section does the contract cite OTRAG's commitment to place in orbit free of charge an experimental reconnaissance satellite for the Zaire government. Moreover, a section of the contract, kept secret by Bonn, refers clearly to OTRAG's need for "a vast operations area lending itself to the launching into the atmosphere and space of payload missiles" and to supporting activities for such flights.

The Penthouse article further punctured the German government cover story that OTRAG is a "private contractor" rather than a front for the German government. Szulc reeled off a long list of facts pointing directly to control by Bonn:

Most of the \$300-million required to construct the airstrip, launching ramps, housing and hospital facilities for OTRAG workers "comes directly or indirectly from the West German defense budget (although the budget does not show it)," Szulc said.

In Article Five of its contract with Zaire, it is stated that Zaire will receive its \$50-million payment annually after OTRAG receives its full remuneration for the launching of a payload rocket from a 'client.' Szulc said, "OTRAG's 'clients' are not identified in the contract, but it is obviously improbable that cruise missiles or IRBM's would be purchased by private companies."

The identities of OTRAG's technological backers, furthermore, are revealed as companies involved in military-industrial enterprises. The principal consortium backing the effort are the German aircraft makers Dornier, which provides the airframes and Messerschmidt, which makes the engines; and the French Thompson-CSF Company, which builds the navigational guidance systems for the German missiles.

"According to highly placed Western European informants, OTRAG is producing a cruise missile and the IRBM for the West German consortium formed by the Messerschmidt, Belkov and Blaum Companies, the principal defense contractors in the German Federal Republic," Szulc said. "At the proper time, it is believed, the missiles will be turned over to the West German armed forces," he added.

Penthouse said that the "headquarters" division of OTRAG is located in New Isenburg, near Frankfurt. It is this division which works in direct liaison with BND and where the entire Zaire operation is being coordinated. Another division of the company, OTRAG, S.A., Africa, has been established in Africa with offices in Vaduz, in the principality of Lichtenstein. Vaduz is a tax haven for multinational corporations and, clearly, a convenient channel for the secretive flow of funds for the Zaire project.

The president of OTRAG and the man who signed the contract with Zaire, is Dr. Lutz T. Kayser, a mysterious figure described as a top missile expert who reportedly worked for NASA in the 1960s at the height of the U.S. space program. A check of NASA records, however, does not show such involvement on his part.

Speaking privately, American officials, Szulc said, "have indicated that there is a strong possibility that the U.S. has made avail. to West Germany the required technol-

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ogy for the cruise missile and IRBM projects under the so-called Program of Cooperation. This is a secret program, dating back to the 1950s, under which highly classified military technology is provided to NATO allies, including West Germany. In some instances, POC operations have been conducted between the Pentagon and NATO defense ministries and top military commands, bypassing the state departments in Washington and foreign ministries in the European capitals, Szulc continued.

Bonn has long wanted its own cruise missile, but so far as it is known, the U.S. officially has not been known to have provided the actual weaponry. That the Germans have had U.S. support in this development was, in effect, confirmed by Defense Secretary Harold Brown when he told the NATO Defense Minister's Meeting last December 7th that "the U.S. has made no commitment not to transfer cruise technology to its European allies."

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EXECUTIVE SECRETARIAT

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Remarks:

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Executive Secretary